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June 20, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests:

From the Attorney General:

AG-12-37    AG-12-38    AG-12-39    AG-12-40    AG-12-41  
AG-12-42    AG-19-2    AG-19-15

From the Department:

DTE-11-24    DTE-12-9

From the MA Oil Heat Council:

MOC-1-9

From the UWUA:

UWUA-1-15

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Per Ground Rules Memorandum issued June 13, 2005:

Paul E. Osborne, Assistant Director – Rates and Rev. Requirements Div. (1 copy)

A. John Sullivan, Rates and Rev. Requirements Div. (4 copies)

Andreas Thanos, Assistant Director, Gas Division (1 copy)

Alexander Cochis, Assistant Attorney General (4 copies)

Service List (1 copy)

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
TWELFTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 20, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

AG-12-37 Referring to Exhibit BSG/SAB-1, Schedule SAB-3, please provide a similar schedule for April 2003 without "aging."

Response: Attachment AG-12-37 shows the wage comparison data from Schedule SAB-3 after removing the aging factors that were applied to the survey data in Bay State's initial filing.

**Bay State Gas Company**

**Non-Union Salary Survey - 1 (Unaged Data)**

**Comparison of Bay State Non-Union Base Salaries & Total Compensation to Utilities in the Northeast**

<b>Position</b>	<b># of Incumbents</b>	<b>1/ Bay State Annual Base Salary (000's)</b>	<b>1/ Bay State Annual Total Cash Comp (000's)</b>	<b>AGA Job #</b>	<b>2/ Utility in Northeast Annual Base Salary* (000's)</b>	<b>2/ Utility in Northeast Annual Total Cash Comp* (000's)</b>
Area Operations Manager	2	\$129.9	\$148.6	790	\$99.8	\$123.2
Call Center Supervisor	2	\$49.2	\$52.2	825	\$62.5	\$65.5
Corrosion Technician	3	\$60.6	\$63.6	037	\$49.8	\$51.9
Customer Field Service Supervisor	1	\$82.8	\$86.0	715	\$66.0	\$66.8
Customer Field Services Manager	2	\$72.4	\$77.1	720	\$85.1	\$89.8
Engineer 3	2	\$58.9	\$61.6	403	\$77.8	\$87.4
Engineer 4	1	\$76.3	\$80.3	404	\$75.9	\$76.9
Manager, Engineering	1	\$101.1	\$108.3	410	\$98.2	\$110.6
Measurement and Corrosion Control Supervisor	1	\$76.5	\$81.5	450	\$71.6	\$72.5
Meter Reader Supervisor	1	\$58.0	\$60.9	625	\$61.8	\$62.8
<b>Overall Average</b>	<b>16</b>	<b>\$76.6</b>	<b>\$82.0</b>		<b>\$74.9</b>	<b>\$80.7</b>
<b>% Above/(Below)</b>		<b>2.3%</b>	<b>1.6%</b>			

**Notes:**

1/ Bay State data effective August 2004.

2/ Northeast Utility data amounts shown are from American Gas Association (AGA) 2003 Survey.

Includes companies from the following states--Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. Data is not available specific to a state.

\* Reflects the median or 50th percentile of the market.

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D. T. E. 05-27

Date: June 20, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

AG-12-38 Referring to Exhibit BSG/SAB-1, Schedule SAB-3, please provide the number of Bay State employees associated with each Position shown on that table.

Response: Please see the Company's response to AG-12-37, particularly Attachment AG-12-37.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
TWELFTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 20, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

AG-12-39 Referring to Exhibit BSG/SAB-1, Schedule SAB-5, please provide a similar schedule for April 2003 without "aging."

Response: Attachment AG-12-39 shows the wage comparison data from Schedule SAB-5 after removing the aging factors that were applied to the survey data in Bay State's initial filing.

**Bay State Gas Company**

**Non-Union Salary Survey - 2 (Unaged Data)**

**Comparison of Bay State Non-union Base Salaries & Total Compensation to General Industry in Greater Metropolitan Boston Area**

Position	# of Incumbents	1/ Bay State Annual Base Salary (000's)	1/ Bay State Annual Total Cash Comp (000's)	2/ All Industries in Boston Annual Base Salary* (000's)	2/ All Industries in Boston Annual Total Cash Comp* (000's)
Administrative Assistant	3	\$43.7	\$45.1	\$41.2	\$41.2
Financial Analyst 1	1	\$40.2	\$42.3	\$43.7	\$43.7
Financial Analyst 2	1	\$58.3	\$62.4	\$47.5	\$48.1
Mail Clerk	1	\$32.9	\$34.3	\$28.8	\$28.9
Receptionist	1	\$25.0	\$25.0	\$28.5	\$28.7
<b>Overall Average</b>	<b>7</b>	<b>\$40.0</b>	<b>\$41.8</b>	<b>\$37.9</b>	<b>\$38.1</b>
<b>% Above/(Below)</b>		<b>5.5%</b>	<b>9.7%</b>		

**Notes:**

1/ Bay State data effective August 2004.

2/ All Industry data amounts shown from Mercer Metropolitan Benchmark 2003.

\* Reflects the median or 50th percentile of the market.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
TWELFTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 20, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

AG-12-40 Referring to Exhibit BSG/SAB-1, Schedule SAB-5, please provide the number of Bay State employees associated with each Position shown on that table.

Response: Please see the Company's response to AG-12-39, particularly Attachment AG-12-39.



COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
TWELFTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 20, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

AG-12-41 Referring to Exhibit BSG/SAB-1, Schedule SAB-6, please provide a similar schedule for April 2003 without "aging."

Response: Attachment AG-12-41 shows the number of incumbents in each of the positions shown on Schedule SAB-6 in Bay State's initial filing.

**Bay State Gas Company**

**Non-Union Salary Survey - 3 (Unaged Data)**

**Comparison of NCSC Base Salaries & Total Compensation to Northeast/Midwest Utilities**

Position	#Incumbents	1/ NCSC Annual Base Salary (000's)	1/ NCSC Annual Total Cash Comp (000's)	AGA Job #	2/ 3/ Northeast Utilities Annual Base Salary* (000's)	2/ 3/ Northeast Utilities Annual Total Cash Comp* (000's)	2/ 4/ Midwest Utilities Annual Base Salary* (000's)	2/ 4/ Midwest Utilities Annual Total Cash Comp* (000's)
Internal Audit Manager	3	\$90.2	\$95.1	155	\$94.9	\$102.3	\$90.4	\$94.8
Internal Auditor III	6	\$72.4	\$77.6	153	\$67.7	\$71.4	\$61.2	\$61.2
Internal Auditor II	2	\$59.3	\$61.9	152	\$59.6	\$59.9	N.R.	N.R.
Call Center Manager	1	\$88.3	\$96.9	820	\$100.7	\$104.9	\$88.2	\$97.3
Call Center Supervisor	1	\$48.9	\$51.1	825	\$65.9	\$69.1	\$61.3	\$66.2
Engineer V	1	\$84.8	\$91.3	405	N.R.	N.R.	\$87.5	\$90.8
Engineer IV	4	\$73.7	\$78.1	404	\$80.1	\$81.1	N.R.	N.R.
Safety Supervisor/Manager	1	\$83.9	\$91.7	210	\$74.7	\$75.5	\$69.1	\$71.2
Financial Analyst III	22	\$57.5	\$60.2	143	\$71.7	\$79.8	\$63.9	\$65.8
Area Operations Manager	2	\$96.0	\$106.3	790	\$105.3	\$129.9	\$97.5	\$101.5
Supervisor Gas Dispatch	6	\$65.7	\$69.0	480	\$70.5	\$70.7	\$70.0	\$70.0
Gas Dispatcher - Senior	2	\$51.0	\$51.7	476	N.R.	N.R.	\$54.3	\$58.3
Manager, Rates	2	\$100.9	\$113.2	305	\$87.0	\$97.7	\$107.2	\$110.5
Rate Analyst	1	\$37.5	\$37.5	300	N.R.	N.R.	\$53.4	\$55.6
Average (vs. "Northeast")	50	\$76.1	\$81.9		\$79.8	\$85.7		
% Above/(Below)		-4.7%	-4.4%					
Average (vs. "Midwest")	48	\$73.1	\$78.5				\$75.3	\$78.7
% Above/(Below)		-3.0%	-0.3%					

**Notes:**

1/ Bay State data effective September 2004.

2/ Northeast and Midwest Utility data amounts shown are from American Gas Association (AGA) 2003 Survey.

3/ Northeast region includes companies from the following states--Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. Data is not available specific to a state.

4/ Midwest region includes companies from the following states--Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, and Wisconsin.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
TWELFTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 20, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

AG-12-42 Referring to Exhibit BSG/SAB-1, Schedule SAB-6, please provide the number of Bay State employees associated with each Position shown on that table.

Response: Please see the Company's response to AG-12-41, particularly Attachment AG-12-41.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
NINETEENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 20, 2005

Responsible: Danny G. Cote, General Manager

AG-19-2 Referring to the Company's response to Information Request AG-1-20, please indicate the nature of the Brockton "non-utility" land and building that was sold and the business it was used for by the Company.

Response: The land referred to in the response was comprised of approximately 18 acres of Bay State owned wooded property adjacent to the Operations Center on Belmont St. in Brockton. The building and lot referred to in the response was also adjacent to the Belmont St. Operations Center and had most recently been leased to Energy USA. Prior to that leasing arrangement the building was used by Bay State for retail appliance sales.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
NINETEENTH SET OF INFORMATION REQUESTS FROM THE ATTORNEY GENERAL  
D. T. E. 05-27

Date: June 20, 2005

Responsible: Danny G. Cote, General Manager

AG-19-15 Referring to the Company's response to Information Request AG-1-40, please provide an explanation for the 25 percent increase in the rate of wages and salaries capitalized between 2003 and 2004 (from a rate of 16.60 percent to 20.63 percent).

Response: Capital spending for wages and salaries increased between 2003 and 2004 to reflect the higher overall level of capital spending in 2004. This spending increase was primarily driven by the increase in bare steel system replacement brought on by increasing corrosion leak rates.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
ELEVENTH SET OF INFORMATION REQUESTS FROM THE D.T.E.  
D. T. E. 05-27

Date: June 20, 2005

Responsible: Steven A. Barkauskas, Vice President Total Rewards

DTE-11-24 Does the Company have an early retirement program? If so, please provide the number of employees who participated in the program during the test year, and the test year amount of payroll saved as a direct result of the implementation of this program.

Response: The Company does not have an early retirement program in place, therefore no employees participated in an early retirement program during 2004.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
TWELFTH SET OF INFORMATION REQUESTS FROM THE D.T.E.  
D. T. E. 05-27

Date: June 20, 2005

Responsible: Joseph A. Ferro, Manager Regulatory Policy

DTE-12-9      Refer to Exh. BSG/JAF-2, at 33. When will the last rate adjustment under the Company's PBR plan take effect?

Response:      Please see the Company response to DTE-04-45.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
FIRST SET OF INFORMATION REQUESTS FROM THE MASS OIL HEAT COUNCIL  
D. T. E. 05-27

Date: June 20, 2005

Responsible: Stephen H. Bryant, President

MOC-1-9      At page 33 of Witness Bryant's testimony, he describes the efforts Bay State undertakes to assist existing customers in managing the high cost of natural gas. Please indicate whether the Company informs potential customers, including conversion customers, of the potential costs of natural gas, both transportation and commodity. If so, please specify what information is provided and provide any relevant documentation.

Response:      Generally, Bay State informs customers only of the current cost of gas and informs customers that the future price of gas is uncertain.



COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
FIRST SET OF INFORMATION REQUESTS FROM LOCAL UWUA 273  
D. T. E. 05-27

Date: June 20, 2005

Responsible: Stephen H. Bryant, President

UWUA-1-15 Please provide all documents relating to any changes in the company's policy regarding whether its collectors are allowed or required to accept payments from customers at (or just prior to) the time of termination. Include both a copy of the written policies regarding the relevant collection practice or policies, and the dates during which they were in effect.

Response: In an effort to align the collection process with other utility industry leaders and change customer behavior, in April 2005 the company announced a decision affecting field collection practices. The new policy stated that effective June 1, 2005, Field Collectors would no longer accept payments from customers at the time of a premise visit to complete a disconnection order. This policy change also allows the Company to better manage payment arrangement negotiations in the Contact Center where real time financial information exists and functionality exists to assist customers with payment solutions.

All Field Collectors and Contact Center Representatives were advised of the policy change and received instructions on new procedures to follow pursuant to this change.

Throughout the month of May, the field collectors verbally informed customers of the policy change on each premise visit, as well as by providing a written notice of the same information. Attachment UWUA-1-15 (a) is the text from that written notice.

Customer disconnection notices were also modified to include a notice of this policy change. Attachment UWUA-1-15 (b) is a copy of a notice.

Effective June 1, the policy was implemented. Attachment UWUA-1-15 (c) a copy of the company's Contact Center Call Handling Procedure followed when receiving a call on the day the order is scheduled to be in the field with a field collector. The changes to their call handling scripts are noted.

Attachment UWUA-1-15 (d) is a "Talking Points" document used to communicate the policy change to our employees and other external stakeholders.

Effective June 1, 2005, Bay State Gas Company employees will no longer be accepting payments in the field when acting on disconnection notices. Service will be disconnected if your overdue balance is not paid prior to the arrival of Bay State's employee.

Contact the company at 1-800-688-6160 prior to day of shut off to ensure your service remains active. Representatives are available to assist you from 7:00 am to 5: 30 pm Monday-Friday and from 9 am to 2 pm on Saturday.

PLEASE MAIL THE TOP PORTION OF THE  
BILL ALONG WITH YOUR PAYMENT TO:



P.O. BOX 830014  
BALTMORE, MD 21283-0014

AMOUNT PAST DUE  
\$XXX.XX  
MUST BE RECEIVED BY  
XX/ XX/ XXXX

XXXXXX XXXXX  
XXX XXXXX XX  
XXXXXXXXXXXX XX XXXXX

ACCOUNT NUMBER  
XXX XXX XXX X

Service Address  
XXX XXXXX XX

Account number  
XXX XXX XXX X

Notice Date  
XX/XX/XXXX

#### DISCONNECTION NOTICE

You have not paid your overdue balance of \$XXX.XX. For this reason, we may disconnect your gas service on or after 3/31/05.

To avoid disconnection, either pay the overdue amount immediately or call 1-800-688-6160 to discuss a payment plan, which may extend for a minimum of four months.

If we disconnect your gas service, you may be required to pay the overdue balance in full before we will resume gas service. We will also charge you a reconnection fee of \$15.00 during regular hours and \$20.00 after hours.

We will not disconnect your gas service if you certify that you have a financial hardship and meet the conditions listed on the back of this notice. If you qualify, call us immediately.

Your total balance is \$XXX.XX

**Beginning June 1, 2005, we will no longer accept payments at your home or business. Payments must be made before the disconnection date. Call us immediately for information on payment options available to you, including a listing of payment agents in your area or visit us online at [www.baystategas.com](http://www.baystategas.com).**

Esta informacion es muy importante. Si no entiende, encuentre a alguien que se lo pueda explicar, o llamenos al 1-800-688-6160

**Payment Arrangements - Day of Shut Off - Collector in Field**

**Massachusetts Only**

- Advise customer:  
"I am showing that the field person has already been dispatched. ~~You will need to pay the collector the full past due amount.~~ There's nothing more I can do at this time."
- Close call
- Note CA Notebook
  - 4- Advised payments must be made before the disconnection date.
  - 2- ~~\$ Amount Quoted~~
  - 3- ~~Advised to pay collector~~

BSG Res Pymt Arrg - Day of Shut Off - Collector in Field

NiSource - For Internal Use Only

Commercial

Bay State Gas & Northern Utilities

**Payment Arrangements - Day of Shut Off - Collector in Field**

**Advise Customer**

"I am showing that the field person has already been dispatched. ~~You will need to pay the collector the full past due amount.~~ There's nothing more I can do at this time."

- Close call
- Note CA Notebook
  - 4- Advised payments must be made before the disconnection date.
  - 5- ~~\$ Amount Quoted~~

**~~Advised to pay collector~~**

BSG Com Pymt Arrg - Day of Shut Off - Collector in Field

## Talking Points for Changes to Shut-off Guidelines Massachusetts

### Overview

Beginning June 1, 2005, Bay State Gas will change the collection process it employs in an effort to change customer behavior and align our activities with other utility industry leaders.

The new process will no longer allow for employees to receive payment in the field when acting on a shut-off notice. Employees will provide customers with information on options they have and execute the shut-off notice.

### Key Dates:

#### May 1, 2005 to May 31, 2005

Field collectors will inform customers upon visiting their home or business that they will no longer be accepting payments in the field when executing a shut-off notice.

#### May Billing Cycle – Shut-off Notices

Beginning May 1, disconnect notices will be revised to include a message to inform customers that they will no longer be able to avoid shut-off by making their payment to the field collectors who visit their home or business on the day the order is executed. Customers are advised to make their payment prior to disconnection window and contact the office, where the order will be cancelled. All negotiations must take place before the order is executed.

Field Collector Handout - ( May 1 through July 1 ) When Field Collectors are acting on disconnection notices in the month of May, they will also include in the packet of information on consumer protections left with the customer, a notice that will advise the customer of the change in policy, how to contact the company and a listing of payment agencies where they can pay their bill.

#### June 1, 2005

Bay State Gas will no longer allow for employees to receive payment from customers in the field. Field collectors will inform customers upon visiting their home or business that they will no longer be accepting payments in the field when executing a shut-off order.

## Why are we making these changes?

There are several reasons for the changes taking place in the field:

### Changes customer behavior.

- Because some customers have paid at the door at the time of shut-off for years, they are accustomed to our practice -- and sometimes withhold payment until the collector arrives, making this a very expensive payment channel, utilized by a small subset of customers yet, paid for by all customers.
- Moving to shut-off only mode removes field-based payment arrangement responsibility from the collector and allows us to better manage payment arrangement negotiations in the call center.

### Better workforce utilization.

Allowing employees to focus only on executing disconnect orders will reduce the amount of time it takes to complete an order. This will allow for more resources to be dedicated to our collection efforts and the associated turn-on orders once the payment issue is resolved.

### Aligns Bay State with "best practice" companies.

BSG is one of the last Massachusetts companies to move to shut-off only mode.

### Increased employee safety.

By eliminating cash and check handling in the field by collectors will increase their personal security.

### Cost effective way for customers to make payments.

- Customers making payments via U.S. mail or at a payment agency near their home is a cost effective way for the company to collect payments for natural gas service.
- When a collector goes to the door on the day of shut-off and accepts payment, the cost for the trip and associated payment handling can exceed fifty dollars.